

NEWS RELEASE

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Three Charleston Residents Charged with Tax Fraud Conspiracy

Allegedly Hid Approximately \$7 Million from IRS

Urbana, IL - Rodger A. Heaton, United States Attorney for the Central District of Illinois, announced that a federal grand jury in Springfield has returned indictments charging three Charleston, Illinois residents with conspiring to defraud the Internal Revenue Service. According to court documents, Kenton W. Tylman, age 59, and Debra J. Hills, 50, both of 913 17th Street, Charleston, Illinois, and Brent A. Winters, age 51, of 6 Kickapoo Valley Drive, Charleston, Illinois, were charged with marketing and selling sham trusts and financial packages to taxpayers to shelter approximately \$7,298,858 in income from the IRS.

The indictment alleges that Tylman, Hills, and Winters, an attorney who made an unsuccessful run for Congress in 1998, marketed and sold sham trusts and business packages totaling approximately \$530,000 to taxpayers to shelter income from the IRS. According to the indictment, purchasers of the so-called "trusts" were charged sale prices ranging from \$1,200 to \$40,000.

U.S. Attorney Heaton said, "Promoting schemes to hide income and assets from the IRS is criminal. Those who choose to promote or use such schemes to avoid income taxes risk imprisonment and fines, and in the end, those who invest in the schemes and thereby illegally attempt to escape taxes will still owe the taxes, plus interest and penalties."

Beginning in 1995, as alleged in the indictment, Tylman began selling "trusts" and related financial arrangements for the Aegis Company in Palos Hills, Illinois. In 1998, Hills allegedly joined Tylman in the sale and promotion of these "trusts." The indictment alleges Winters joined Tylman and Hills in 1999 in promoting and selling the Aegis "trusts." During 1999 and 2000, the indictment alleges Tylman, Hills and Winters began selling their own version of "trust" packages using the business names of Worldwide Financial Services and Worldwide Financial and Legal Association.

The indictment alleges Tylman, Hills and Winters marketed a variety of schemes to hide income and evade taxes including one arrangement which provided a taxpayer with a bank account into which the taxpayer deposited money and claimed, falsely, that the amounts of the deposits were tax deductible or were earned by another entity. The final trust to which the funds were transferred allegedly never filed a tax return and no taxes were paid on the money. The indictment alleges that each "trust" purchaser retained full control over the funds and was therefore responsible for paying taxes on the money. The indictment details purchase, creation, and use of the "trusts" by 13 of Tylman, Winters and Hills' customers.

The indictment alleges Tylman, Hills and Winters each benefitted from the sale of trusts and other financial arrangements. Each allegedly received a percentage of the purchase price depending on his or her role in the sale. In addition, the indictment alleges Winters received attorney's fees and Tylman and Hills received commissions and management fees.

In addition to the conspiracy charge, the indictment also charges Hills and Winters with one count each of filing false tax returns. The indictment alleges that Hills failed to report approximately \$18,000 in income received in 2000 from Worldwide Financial Services and Worldwide Financial and Legal Association on her individual income tax return.

The indictment charges Winters with filing a false U.S. Individual Income Tax Return for the 1998 tax year. According to the indictment, Winters loaned \$36,616.50 to his campaign fund, "Committee to Elect Winters to Congress," when he was a candidate for the U.S. House of Representatives. Following his unsuccessful 1998 campaign, the indictment alleges that on or about November 17, 1998, Winters sold the uncollectible loan to a "trust" called "American Land and Mines Company" for \$2,500, and reported a capital loss of \$34,117 as a deduction on his tax return. According to the indictment, American Land and Mines Company had no business purpose and was established simply to create the false appearance that assets belonging to Winters were controlled by a separate entity.

Tylman, Winters and Hills will be issued summonses to appear in federal court in Urbana, Illinois, at a date to be determined by the U.S. Clerk of the Court.

If convicted, the offense of conspiracy to defraud the IRS carries a possible penalty of up to five years in prison and a fine of up to \$250,000. Filing a false tax return carries a penalty of up to 3 years in prison and a fine of up to \$250,000. At sentencing, defendants may also be ordered to pay the costs of prosecution.

In the Northern District of Illinois, several principals of The Aegis Company have been indicted and are scheduled for trial in November 2006 on charges of conspiracy to impair and impede the IRS.

Members of the public are reminded that an indictment is merely an accusation; the defendants are presumed innocent unless proven guilty.

The charges are the result of an investigation by the Criminal Investigation Division of the Internal Revenue Service. The case is being prosecuted by Hilary W. Frooman, Assistant U.S. Attorney, of the Urbana division of the U.S. Attorney's Office for the Central District of Illinois.

Christopher Pikelis Acting Special Agent in Charge of the IRS Criminal Investigation Division, Chicago Field Office, stated, "The IRS is ramping up its enforcement efforts, particularly in the area of offshore and domestic trusts established for the purpose of escaping tax obligations. The indictment today reinforces the message that the IRS is working aggressively to enforce the tax laws."